



Billing Code: 5001-06

DEPARTMENT OF DEFENSE

Office of the Secretary

(Transmittal Nos. 12-68)

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation Agency.

ACTION: Notice.

SUMMARY: The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification. This is published to fulfill the requirements of section 155 of Public Law 104-164 dated July 21, 1996.

FOR FURTHER INFORMATION CONTACT: Ms. B. English, DSCA/DBO/CFM, (703) 601-3740.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittals 12-68 with attached transmittal, policy justification, and Sensitivity of Technology.

Dated: December 18, 2012.

Aaron Siegel,
Alternate OSD Federal Register Liaison Officer,
Department of Defense.



DEFENSE SECURITY COOPERATION AGENCY
201 12TH STREET SOUTH, STE 203
ARLINGTON, VA 22202-5408

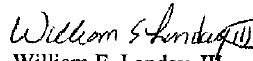
DEC 10 2012

The Honorable John A. Boehner
Speaker of the House
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, we are forwarding herewith Transmittal No. 12-68, concerning the Department of the Navy's proposed Letter(s) of Offer and Acceptance to Japan for defense articles and services estimated to cost \$421 million. After this letter is delivered to your office, we plan to issue a press statement to notify the public of this proposed sale.

Sincerely,


William E. Landay, III
Vice Admiral, USN
Director

Enclosures:

1. Transmittal
2. Policy Justification
3. Sensitivity of Technology



Transmittal No. 12-68

Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act, as amended

- (i) Prospective Purchaser: Japan
- (ii) Total Estimated Value:
- | | |
|--------------------------|----------------------|
| Major Defense Equipment* | \$ 0 million |
| Other | <u>\$421 million</u> |
| TOTAL | \$421 million |
- (iii) Description and Quantity or Quantities of Articles or Services under Consideration for Purchase: for the upgrade of previously provided AEGIS Combat Systems as part of the modernization of two ATAGO Class Ships (DDG-177 ATAGO and DDG-178 ASHIGARA) with Integrated Air Missile Defense capability. The modifications/replacements consist of the following components: J6 AEGIS Weapon System Computer Program, 2 Multi-Mission Signal Processors for existing AN/SPY-1D(V) radar, 2 Common Processor Systems, 2 ship sets Common Display Systems (44 OJ-827(V)1 Tri Screen Display Consoles, 8 Display Processor Cabinets, 2 Video Wall Screen and Projector Systems, 46 Flat Panel Displays, and 2 Distributed Video Systems), 2 ship sets AN/SPQ-15 Digital Video Distribution Systems, 2 ship sets Operational Readiness Test Systems hosted in AEGIS Weapon Systems computing infrastructure, Ballistic Missile Defense (Mission Planner Blade server processors hosted in CPS, and 2 Kill Assessment Systems/Weapon Data Recording Cabinets), Vertical Launching System MK41 upgrade to Baseline 7 (24 Motor Control Panels MK 448 Mod 1, 48 Programmable Power4 Supplies MK 179 Mod 0, and 24 Launch Sequencers MK 5 Mod 1, 4 Fiber Optic Distribution Boxes, and 24 Single Module Junction Boxes), 4 Launch Control Units MK 235 Mod 7 with Global Positioning System Integrator, 2 ship sets Gun Weapon Systems MK 34, and 2 ship sets MK 20 Electro-Optical Sensor Systems. Also included: software updates, ordnance alterations and engineering changes, spare and repair parts, support equipment, tools and test equipment, technical data and publications, personnel training and training equipment, U.S. Government and contractor engineering, technical, and logistics support services, and other related elements of logistics support.
- (iv) Military Department: Navy (LYJ)
- (v) Prior Related Cases, if any:
- | |
|-----------------------------|
| FMS case LSU-\$521M-22Jul02 |
| FMS case LTS-\$417M-14Aug03 |

(vi) Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid: None

* as defined in Section 47(6) of the Arms Export Control Act.

(vii) Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold: See Attached Annex

(viii) Date Report Delivered to Congress: 10 Dec 2012

POLICY JUSTIFICATION

Japan – AEGIS WEAPON SYSTEM UPGRADE

The Government of Japan has requested a possible sale for the upgrade of previously provided AEGIS Combat Systems as part of the modernization of two ATAGO Class Ships (DDG-177 ATAGO and DDG-178 ASHIGARA) with Integrated Air Missile Defense capability. The modifications/replacements consist of the following components: J6 AEGIS Weapon System Computer Program, 2 Multi-Mission Signal Processors for existing AN/SPY-1D(V) radar, 2 Common Processor Systems, 2 ship sets Common Display Systems (44 OJ-827(V)1 Tri Screen Display Consoles, 8 Display Processor Cabinets, 2 Video Wall Screen and Projector Systems, 46 Flat Panel Displays, and 2 Distributed Video Systems), 2 ship sets AN/SPQ-15 Digital Video Distribution Systems, 2 ship sets Operational Readiness Test Systems hosted in AEGIS Weapon Systems computing infrastructure, Ballistic Missile Defense (Mission Planner Blade server processors hosted in CPS, and 2 Kill Assessment Systems/Weapon Data Recording Cabinets), Vertical Launching System MK41 upgrade to Baseline 7 (24 Motor Control Panels MK 448 Mod 1, 48 Programmable Power4 Supplies MK 179 Mod 0, and 24 Launch Sequencers MK 5 Mod 1, 4 Fiber Optic Distribution Boxes, and 24 Single Module Junction Boxes), 4 Launch Control Units MK 235 Mod 7 with Global Positioning System Integrator, 2 ship sets Gun Weapon Systems MK 34, and 2 ship sets MK 20 Electro-Optical Sensor Systems. Also included: software updates, ordnance alterations and engineering changes, spare and repair parts, support equipment, tools and test equipment, technical data and publications, personnel training and training equipment, U.S. Government and contractor engineering, technical, and logistics support services, and other related elements of logistics support. The estimated cost is \$421 million.

Japan is one of the major political and economic powers in East Asia and the Western Pacific and a key ally of the United States in ensuring the peace and stability of this region. The U.S. Government shares bases and facilities in Japan. This proposed sale is consistent with U.S. objectives and with the 1960 Treaty of Mutual Cooperation and Security.

The proposed sale of AEGIS components to Japan will contribute to U.S. security objectives by providing a significantly improved Air Warfare capability. This sale will

enhance Japan's Ballistic Missile Defense (BMD) capabilities by modernizing and upgrading the AEGIS technology on its two Atago-class destroyers. The Government of Japan can easily integrate the capabilities of these upgraded AEGIS Weapon Systems into its concept of operations. Japan will have no difficulty absorbing these systems into its armed forces.

The proposed sale of this equipment and support will not alter the basic military balance in the region.

The principal contractor will be Lockheed Martin MS2 in Mooretown, New Jersey. There are no known offset agreements proposed in connection with this potential sale.

Implementation of this proposed sale will require multiple trips to Japan involving six U.S. Government and ten contractor representatives for technical reviews/support, programs management, and training over a period of three years.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 12-68

Notice of Proposed Issuance of Letter of Offer Pursuant to Section 36(b)(1) of the Arms Export Control Act, as amended

Annex Item No. vii

(vii) Sensitivity of Technology:

1. AEGIS Weapon System (AWS) hardware is Unclassified. The software, documentation, combat system training, and technical services/documentation will be provided up to and including Secret. Access to the manuals and technical documents is limited to those for whom the manuals and documents are necessary for operational use and organizational maintenance. AWS Baseline 9 requires modernization of the installed AEGIS combat system hardware to include Common Display System, Common Processing System, and Multi-Mission Signal Processor and is Unclassified.

2. If a technologically advanced adversary were to obtain knowledge of the specific hardware and software elements, the information could be used to develop countermeasures which might reduce weapon system effectiveness or be used in the development of a system with similar or advanced capabilities.

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